

QATAR FUEL Q.S.C (WOQOD)

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**

Qatar Fuel Q.S.C (WOQOD)

**Condensed consolidated interim financial information
For the six month period ended 30 June 2010**

Contents	Page(s)
Independent auditors' review report on condensed consolidated interim financial information	1
Condensed consolidated interim financial information	
Condensed consolidated statement of financial position	2
Condensed consolidated statement of income	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of changes in equity	5-6
Condensed consolidated statement of cash flows	7
Notes to the condensed consolidated interim financial information	8-12

Independent auditors' review report on condensed consolidated interim financial information

To
The Board of Directors
Qatar Fuel Q.S.C (WOQOD)
Doha
State of Qatar

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Qatar Fuel Q.S.C (the "Company") and its subsidiaries (together referred to as the "Group") as of 30 June 2010 comprising of the condensed consolidated statement of financial position as at 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows ("interim financial information") for the six month period then ended and a summary of significant accounting policies and explanatory notes.

The Board of Directors are responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards (IAS 34) *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

The accompanying condensed consolidated interim financial information/consolidated financial statements of the Group as at and for the period/year ended 30 June 2009 / 31 December 2009 were reviewed / audited by another auditor, whose review/audit report dated 17 July 2009 / 7 March 2010 expressed an unqualified conclusion/opinion on those condensed interim financial information/financial statements respectively.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

1 August 2010
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No.251

QATAR FUEL Q.S.C (WOQOD)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the six month period ended 30 June 2010

In Qatari Riyals

		30 June 2010	30 June 2009	31 December 2009
ASSETS	Note	Reviewed	Reviewed	Audited
Non-current assets				
Property, plant and equipment	3	1,322,075,642	1,167,849,250	1,269,049,639
Available-for-sale investments	4	117,770,940	152,290,700	148,602,720
Goodwill		57,700,022	57,700,022	57,700,022
Intangible assets		<u>1,938,121</u>	<u>2,491,871</u>	<u>2,214,996</u>
Total non-current assets		<u>1,499,484,725</u>	<u>1,380,331,843</u>	<u>1,477,567,377</u>
Current assets				
Inventories	5	254,930,619	199,461,826	188,153,947
Accounts receivable, prepayments and others	6	1,455,233,947	1,333,768,641	1,336,444,657
Due from related parties	9(b)	4,232,437	3,511,264	2,846,121
Cash and bank balances	7	<u>1,905,482,946</u>	<u>1,296,121,603</u>	<u>1,864,340,100</u>
Total current assets		<u>3,619,879,949</u>	<u>2,832,863,334</u>	<u>3,391,784,825</u>
Total assets		<u>5,119,364,674</u>	<u>4,213,195,177</u>	<u>4,869,352,202</u>
EQUITY AND LIABILITIES				
Equity (page 4)				
Share capital	8	346,500,000	315,000,000	315,000,000
Legal reserve		297,397,827	150,000,000	307,596,682
General reserve		30,078,234	30,078,234	30,078,234
Fair value reserve		44,582,940	78,680,000	75,414,720
Retained earnings		<u>2,680,636,786</u>	<u>2,005,818,121</u>	<u>2,467,991,516</u>
Total equity attributable to equity holders of the parent		3,399,195,787	2,579,576,355	3,196,081,152
Non-controlling (minority) interest		<u>167,978,552</u>	<u>119,996,381</u>	<u>172,291,950</u>
Total equity		<u>3,567,174,339</u>	<u>2,699,572,736</u>	<u>3,368,373,102</u>
Non-current liabilities				
Due to a related party	9 (c)	23,250,241	-	-
Employees' end of service benefits		<u>26,852,940</u>	<u>20,955,786</u>	<u>23,455,881</u>
Total non-current liabilities		<u>50,103,181</u>	<u>20,955,786</u>	<u>23,455,881</u>
Current liabilities				
Payables and accruals		210,613,104	322,989,633	272,147,748
Due to a related party	9(c)	<u>1,291,474,050</u>	<u>1,169,677,022</u>	<u>1,205,375,471</u>
Total current liabilities		<u>1,502,087,154</u>	<u>1,492,666,655</u>	<u>1,477,523,219</u>
Total liabilities		<u>1,552,190,335</u>	<u>1,513,622,441</u>	<u>1,500,979,100</u>
Total equity and liabilities		<u>5,119,364,674</u>	<u>4,213,195,177</u>	<u>4,869,352,202</u>

The condensed consolidated interim financial information was approved by the Board of Directors and signed on their behalf by the following on 1 August 2010.

.....
H.E Abdulla Bin Hamad Al Attiyah
Deputy Prime Minister and Minister
of Energy and Industry- Chairman

.....
Mr. Mohamed Turki Al-Sobai
Vice Chairman and Managing Director

.....
Mr. Khalil Hassan Makki
Finance Manager

The attached notes 1 to 14 form an integral part of this condensed consolidated interim financial information.

QATAR FUEL Q.S.C (WOQOD)

CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the six month period ended 30 June 2010

In Qatari Riyals

	Note	30 June 2010 Reviewed	30 June 2009 Reviewed
Revenue	10	3,508,788,587	2,908,997,912
Cost of sales		<u>(2,761,599,381)</u>	<u>(2,283,042,745)</u>
Gross profit		747,189,206	625,955,167
Other income		132,460,067	75,495,547
General and administration expenses		(246,105,161)	(169,929,829)
Depreciation on property, plant and equipment		(38,705,691)	(30,672,778)
Finance cost		(205,404)	(199,338)
Impairment of accounts receivable		-	<u>(65,953,126)</u>
Profit for the period		<u>594,633,017</u>	<u>434,695,643</u>
Attributable to:			
Equity holders of the parent company		548,946,415	407,789,400
Non-controlling (minority) interest		<u>45,686,602</u>	<u>26,906,243</u>
Profit for the period		<u>594,633,017</u>	<u>434,695,643</u>
Basic and diluted earnings per share (QR)	11	<u>15.84</u>	<u>12.27</u>

The attached notes 1 to 14 form an integral part of this condensed consolidated interim financial information.

QATAR FUEL Q.S.C (WOQOD)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For the six month period ended 30 June 2010**

In Qatari Riyals

	30 June 2010	30 June 2009
	Reviewed	Reviewed
Profit for the period	<u>594,633,017</u>	<u>434,695,643</u>
Other comprehensive income		
Net movement in cumulative change in fair value of available-for-sale investments	<u>(30,831,780)</u>	<u>14,000,000</u>
Other comprehensive income for the period	<u>(30,831,780)</u>	<u>14,000,000</u>
Total comprehensive income for the period	<u>563,801,237</u>	<u>448,695,643</u>

The attached notes 1 to 14 form an integral part of this condensed consolidated interim financial information.

QATAR FUEL Q.S.C (WOQOD)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2010

In Qatari Riyals

2009	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total attributable to equity holders of the Parent	Non-controlling interest	TOTAL
Balance at 1 January 2009 (audited)	300,000,000	150,000,000	30,078,234	64,680,000	1,898,028,721	2,442,786,955	131,198,528	2,573,985,483
Profit for the period	-	-	-	-	407,789,400	407,789,400	26,906,243	434,695,643
Other comprehensive income for the period	-	-	-	-	407,789,400	407,789,400	26,906,243	434,695,643
Net movement in cumulative change in fair value of available-for-sale investments	-	-	-	14,000,000	-	14,000,000	-	14,000,000
Total comprehensive income for the period	-	-	-	14,000,000	407,789,400	421,789,400	26,906,243	448,695,643
Transactions with owners directly accounted in equity								
Issue of ordinary shares	15,000,000	-	-	-	-	15,000,000	-	15,000,000
Dividend paid for 2008	-	-	-	-	(300,000,000)	(300,000,000)	(38,108,390)	(338,108,390)
Balance at 30 June 2009 (reviewed)	<u>315,000,000</u>	<u>150,000,000</u>	<u>30,078,234</u>	<u>78,680,000</u>	<u>2,005,818,121</u>	<u>2,579,576,355</u>	<u>119,996,381</u>	<u>2,699,572,736</u>

The attached notes 1 to 14 form an integral part of this condensed consolidated interim financial information.

QATAR FUEL Q.S.C (WOQOD)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six month period ended 30 June 2010

In Qatari Riyals

2010	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total attributable to equity holders of the Parent	Non-controlling interest	TOTAL
Balance at 1 January 2010 (audited)	315,000,000	297,397,827	30,078,234	75,414,720	2,478,190,371	3,196,081,152	172,291,950	3,368,373,102
Profit for the period	-	-	-	-	548,946,415	548,946,415	45,686,602	594,633,017
Other comprehensive income for the period	-	-	-	-	548,946,415	548,946,415	45,686,602	594,633,017
Net movement in cumulative change in fair value of available-for-sale investments	-	-	-	(30,831,780)	-	(30,831,780)	-	(30,831,780)
Total comprehensive income for the period	-	-	-	(30,831,780)	548,946,415	518,114,635	45,686,602	563,801,237
Transactions with owners directly accounted in equity								
Issue of bonus shares	31,500,000	-	-	-	(31,500,000)	-	-	-
Dividend paid for 2009	-	-	-	-	(315,000,000)	(315,000,000)	(50,000,000)	(365,000,000)
Balance at 30 June 2010 (reviewed)	346,500,000	297,397,827	30,078,234	44,582,940	2,680,636,786	3,399,195,787	167,978,552	3,567,174,339

The attached notes 1 to 14 form an integral part of this condensed consolidated interim financial information.

QATAR FUEL Q.S.C (WOQOD)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2010

In Qatari Riyals

	30 June 2010 Reviewed	30 June 2009 Reviewed
Operating activities		
Profit for the period	594,633,017	434,695,643
Adjustments for:		
Depreciation on property, plant and equipment	38,705,691	32,763,791
Finance cost	205,404	199,338
Provision for employees' end of service benefits	4,538,950	5,095,984
Dividend and interest income	<u>(32,166,969)</u>	<u>(16,585,484)</u>
Operating profit before working capital changes	605,916,093	456,169,272
<i>Changes in working capital:</i>		
Change in inventories	(66,776,672)	(62,394,154)
Change in accounts receivable and prepayments	(118,789,290)	79,358,465
Change in due from related party	(1,386,316)	3,209,117
Change in due to related party	109,348,820	(129,020,550)
Change in payables and accruals	<u>(61,534,644)</u>	<u>137,021,114</u>
Cash from operations	466,777,991	484,343,264
Employees' end of service benefits paid	<u>(1,141,891)</u>	<u>(203,953)</u>
Net cash from operating activities	<u>465,636,100</u>	<u>484,139,311</u>
Investing activities		
Addition to property, plant and equipment	(91,454,819)	(148,352,947)
Acquisition of sale of Available-for-sale investments	-	(17,330,700)
Dividend and interest income	<u>32,166,969</u>	<u>16,585,484</u>
Net cash used in investing activities	<u>(59,287,850)</u>	<u>(149,098,163)</u>
Financing activities		
Finance cost	(205,404)	(199,338)
Issue of ordinary shares	-	15,000,000
Payment to Non-controlling interest	(50,000,000)	(38,108,390)
Dividend paid	<u>(315,000,000)</u>	<u>(300,000,000)</u>
Net cash used in financing activities	<u>(365,205,404)</u>	<u>(323,307,728)</u>
Increase in cash and cash equivalents for the period	41,142,846	11,733,420
Cash and cash equivalents at the beginning of the period	<u>1,864,340,100</u>	<u>1,284,388,183</u>
Cash and cash equivalents at the end of the period (note 7)	<u>1,905,482,946</u>	<u>1,296,121,603</u>

The attached notes 1 to 14 form an integral part of this condensed consolidated interim financial information.

1. CORPORATE INFORMATION AND ACTIVITIES

Qatar Fuel Q.S.C (WOQOD) (the “Company”) is a Qatari Shareholding Company formed in accordance with the Emiri Decree No 5 of 2002 on 10 February 2002 under the commercial registration No 24872.

The principal activity of the Company is the sale and distribution of refined petroleum products manufactured by Qatar Petroleum and its subsidiaries (together referred to as the “Group”) are engaged in vehicle inspection services and marine transport. The Group operates only in the State of Qatar.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) IAS 34 “Interim Financial Reporting”. This interim condensed consolidated financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 December 2009. In addition, results for the 6 months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

This condensed consolidated interim financial information incorporates the financial information of the Group. All significant inter-company transactions and balances are eliminated on consolidation.

b) Basis of measurement

This condensed interim financial statement has been prepared under the historical cost convention except for available-for-sale investments which are carried at fair value.

This condensed consolidated interim financial information is prepared in Qatari Riyals and all values are rounded to the nearest Qatari Riyal except when otherwise indicated.

c) Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2009.

(i) Standards, amendments and interpretations issued but not yet effective

The following new standards, amendments to standards and interpretations relevant to the Group which have been issued but are not yet effective for the period ended 30 June 2010 have not been applied in preparing these condensed consolidated interim financial information:

(a) *IFRS 9, ‘Financial instruments’*, issued in December 2009 is the first standard issued as part of a wider project to replace IAS 39. This addresses the classification and measurement of financial assets and is likely to affect the Company’s accounting for its financial assets. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The standard is not applicable until 1 January 2013 but can be early adopted.

(b) *Revised IAS 24, ‘Related party disclosures’* issued in November 2009 supersedes the earlier standard issued in 2003. The revised standard amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard will result into changes in certain disclosure relating to related parties. The revised standard is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant accounting policies - continued

(ii) Use of estimates and judgements

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2009.

3. PROPERTY, PLANT AND EQUIPMENT

	30 June 2010	31 December 2009
	Reviewed	Audited
Cost:		
Balance at 01 January	1,493,839,540	1,214,671,453
Additions	314,773,725	317,944,224
Disposals	<u>(223,042,032)</u>	<u>(38,776,137)</u>
Balance at 30 June 2010/ 31 December 2009	<u>1,585,571,233</u>	<u>1,493,839,540</u>
Accumulated depreciation:		
Balance at 01 January	224,789,901	159,923,490
Charge for the period / year	38,724,123	65,047,874
Relating to disposals	<u>(18,433)</u>	<u>(181,463)</u>
Balance at 30 June 2010/ 31 December 2009	<u>263,495,591</u>	<u>224,789,901</u>
Net book value	<u>1,322,075,642</u>	<u>1,269,049,639</u>

4. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2010	31 December 2009
	Reviewed	Audited
Balance as at 1 January	148,602,720	120,960,000
Cost of acquired investments	-	16,908,000
Movement in fair value reserve	<u>(30,831,780)</u>	<u>10,734,720</u>
Balance as at the end of the period/year	<u>117,770,940</u>	<u>148,602,720</u>

5. INVENTORIES

	30 June 2010	31 December 2009
	Reviewed	Audited
Refined petroleum products	243,631,787	178,834,404
Maintenance materials and parts	<u>11,488,170</u>	<u>9,675,423</u>
	255,119,957	188,509,827
Less; provision for slow moving items	<u>(189,337)</u>	<u>(355,880)</u>
	<u>254,930,619</u>	<u>188,153,947</u>

QATAR FUEL Q.S.C (WOQOD)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2010

In Qatari Riyals

6. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHERS

	30 June 2010	31 December 2009
	Reviewed	Audited
Trade and other receivables	1,479,077,559	1,389,790,425
Provision for impairment	<u>(97,976,612)</u>	<u>(112,144,880)</u>
	1,381,100,947	1,277,645,545
Prepayments and other receivables	<u>74,133,000</u>	<u>58,799,112</u>
	<u>1,455,233,947</u>	<u>1,336,444,657</u>

All of the above receivables which are not impaired are either secured against bank guarantee or are outstanding from government agencies.

7. CASH AND BANK BALANCES

	30 June 2010	31 December 2009
	Reviewed	Audited
Cash in hand	568,495	480,948
Bank balances	1,094,416,192	1,311,731,084
Fixed deposits	<u>810,498,259</u>	<u>552,128,068</u>
	<u>1,905,482,946</u>	<u>1,864,340,100</u>

Fixed deposits and time deposits carry interest at commercial rates.

8. SHARE CAPITAL

	30 June 2010	31 December 2009
	Reviewed	Audited
<i>Authorized</i>		
Ordinary shares of QR 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and fully paid shares of QR 10 each	<u>346,500,000</u>	<u>315,000,000</u>

During the period, the company has issued bonus shares equivalent to 10% of the paid up capital amounting to QR 31,500,000 (3,150,000 shares), as approved by the Annual General Assembly held on 4 April 2010.

9. RELATED PARTIES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

9. RELATED PARTIES (CONTINUED)

a) Transactions made with related parties

Transactions with related parties included in the condensed consolidated statement of income are as follows:

Party	Nature of transaction	30 June 2010 Reviewed	30 June 2009 Reviewed
I. Qatar Petroleum	Purchases	<u>2,577,621,826</u>	<u>1,942,285,321</u>
II. Qatar Petroleum	Sales	<u>36,194,697</u>	<u>57,182,553</u>

b) Amounts due from related parties

	30 June 2010 Reviewed	31 December 2009 Audited
Gulf Helicopters W.L.L	4,232,437	2,699,080
Qatar Holding Company	-	147,041
	<u>4,232,437</u>	<u>2,846,121</u>

c) Amounts due to a related party

	30 June 2010 Reviewed	31 December 2009 Audited
Non-current: Qatar Petroleum	<u>23,250,241</u>	<u>-</u>
Current: Qatar Petroleum	<u>1,291,474,050</u>	<u>1,205,375,471</u>

d) Compensation paid to key management personnel

The compensation to key management personnel are approved at the Annual General Meeting each year which is disclosed accordingly in the annual financial statements.

QATAR FUEL Q.S.C (WOQOD)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six month period ended 30 June 2010

In Qatari Riyals

10. REVENUE

	30 June 2010	30 June 2009
	Reviewed	Reviewed
Sale of aviation fuel	1,557,605,089	828,462,050
Sale of refined products	1,843,259,876	1,900,627,688
Transportation and other revenue	<u>107,923,622</u>	<u>179,908,174</u>
	<u>3,508,788,587</u>	<u>2,908,997,912</u>

11. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share amounts are calculated by dividing the net profit for the period/year attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding at the reporting date.

The basic and diluted earnings per share are the same as there were no dilutive effects on earnings.

	30 June 2010	30 June 2009
	Reviewed	Reviewed
Profit for the period attributable to equity holders of the parent company	548,946,415	407,789,400
Weighted average number of ordinary shares outstanding during the period	34,650,000	33,233,333
Basic/Diluted Earnings per Share	<u>15.84</u>	<u>12.27</u>

12. CAPITAL COMMITMENTS

	30 June 2010	31 December 2009
	Reviewed	Audited
Heavy fuel oil project	325,000,000	325,000,000
Construction of petrol stations	<u>119,329,247</u>	<u>119,329,247</u>

13. SEGMENT INFORMATION

The group operates in the areas of sale and distribution of refined petroleum products, technical inspection of vehicles and marine transportation. As more than 95% of the Group's revenue is generated through sale and distribution of refined petroleum products, no detailed segment information is presented in this condensed consolidated interim financial information.

14. COMPARATIVE INFORMATION

Comparative financial information for the previous period has been reclassified, where necessary, in order to conform to the current period's presentation. Such reclassifications do not affect the previously reported net profit or equity.